

BPI ASSET MANAGEMENT AND TRUST CORPORATION
ODYSSEY PHILIPPINE DOLLAR BOND FUND
KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT
 As of July 30, 2021



FUND FACTS

| | | | |
|--------------------------------|---------------------|---------------------------------|---------------------|
| Classification: | Long Term Bond Fund | NAVPU: | USD 32.30 |
| Launch Date: | May 5, 2003 | Total Fund NAV (Mn): | USD 16.41 |
| Minimum Investment: | USD 1,000.00 | Dealing Day: | Daily up to 2:30 PM |
| Additional Investment: | USD 100.00 | Redemption Settlement: | T+3 End-of-Day |
| Minimum Holding Period: | None | Early Redemption Charge: | None |

FEES*

| | | | |
|----------------------------|------------------------------------|---------------------------------------|--------------------------|
| Trustee Fees: 1.25% | Custodianship Fees: 0.0013% | External Auditor Fees: 0.0047% | Other Fees: 0.00% |
| BPI Asset Management | HSBC | Isla Lipana | None |

*As a percentage of average daily NAV for the quarter valued at USD 16.76 Million
 *Monthly rate: Billings received for April 2021 divided by average daily NAV
 *Billings for 2018 divided by average daily NAV

INVESTMENT OBJECTIVE AND STRATEGY

The Fund is for US Dollar investors who want to achieve capital appreciation and income growth over a period of time. To achieve this, the Fund will be invested in a diversified portfolio of US dollar-denominated fixed income instruments issued by the Philippine government, corporations, & financial institutions. The Fund aims to outperform its benchmark, the JP Morgan Chase Asia Total Return Philippines Index.

CLIENT SUITABILITY

A client profiling process shall be performed prior to participating in the Fund to guide the prospective investor if the Fund is suited to his/her investment objectives and risk tolerance. Clients are advised to read the Declaration of Trust / Plan Rules of the Fund, which may be obtained from the Trustee, before deciding to invest.

The Odyssey Philippine Dollar Bond Fund is suitable only for investors who:

- Are at least classified as aggressive based on their risk profile
- Have an investment horizon of at least five (5) years

KEY RISKS AND RISK MANAGEMENT

You should not invest in this Fund if you do not understand or are not comfortable with the accompanying risks.

Interest Rate Risk: The fund invests in a long term portfolio of US Dollar denominated Philippine sovereign and corporate securities, exposing investors to the risk of loss arising from a rise in interest rates, which generally causes fixed income security prices to decline. Factors/ events that may lead to a rise interest rates include adverse market conditions, issuer-specific factors/ events and/ or negative developments in domestic and global political and economic conditions.

Liquidity Risk: Investors are exposed to the risk of loss due to the fund's inability to convert security holdings to cash immediately or in instances where conversion to cash is possible but at a highly disadvantageous price due to limited buyers/ sellers in the market, low trading volumes or market disruptions, among other reasons/ factors.

Related Party Risk: Investors are exposed to actual or potential conflicts of interest in the handling of related party transactions by the Trustee, specifically, time deposit placements with the Trustee's own bank and/ or its subsidiary, purchase of debt securities issued by related parties, as well as the execution of trade transactions with related counterparties.

Credit/Default Risk: Investors are exposed to the risk of loss due to the failure of the borrower/ debt issuer to make timely interest and/ or principal payments on its deposit liabilities, loans, bonds or other debt instruments due to a deterioration in the borrower's/ issuer's financial condition or external factors and events that may affect its ability to repay financial obligations such as negative developments in domestic and global political and economic conditions.

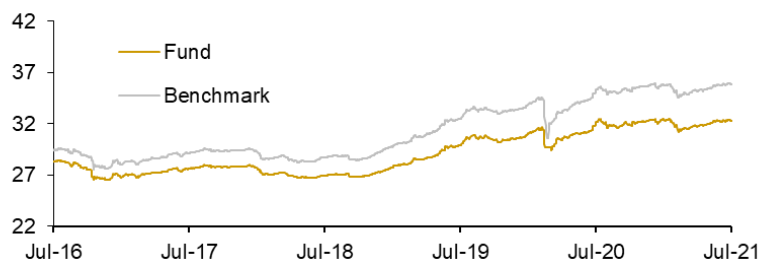
In accordance with the provisions in the Declaration of Trust, the Fund employs a risk management policy based on duration. The Fund may also use financial derivatives to hedge the portfolio against market and credit risks.

- **THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORP. (PDIC).**
- **RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/ FLUCTUATIONS ONLY.**
- **WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES SHALL BE SOLELY FOR THE ACCOUNT OF THE CLIENT.**
- **THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.**

FUND PERFORMANCE AND STATISTICS AS OF JULY 30, 2021

(Purely for reference purposes and is not a guarantee of future results)

NAVPU GRAPH



*Benchmark: JP Morgan Chase Asia Total Return Philippines Index

CUMULATIVE PERFORMANCE (%) ¹

| | 1 mo | 3 mos | 6 mos | 1 YR | 3 YRS | S.I. ⁵ |
|------------------|------|-------|-------|------|-------|-------------------|
| Fund | 0.25 | 1.60 | -0.28 | 0.40 | 19.72 | 223.00 |
| Benchmark | 0.44 | 1.73 | 0.23 | 1.38 | 24.72 | 332.26 |

ANNUALIZED PERFORMANCE (%) ¹

| | 1 YR | 2 YRS | 3 YRS | 4 YRS | 5 YRS | S.I. ⁵ |
|------------------|------|-------|-------|-------|-------|-------------------|
| Fund | 0.40 | 3.94 | 6.18 | 3.97 | 2.67 | 6.64 |
| Benchmark | 1.38 | 5.06 | 7.64 | 5.31 | 4.03 | 8.35 |

CALENDAR YEAR PERFORMANCE (%) ¹

| | YTD | 2020 | 2019 | 2018 | 2017 | 2016 |
|------------------|-------|------|-------|-------|------|------|
| Fund | -0.19 | 5.89 | 11.86 | -2.01 | 4.77 | 3.06 |
| Benchmark | 0.14 | 7.30 | 13.95 | -0.61 | 6.36 | 3.53 |

PORTFOLIO COMPOSITION

| Allocation | % of Fund |
|--|-----------|
| Government | 43.00 |
| Corporates | 50.27 |
| Cash | 0.61 |
| Time deposits and money market | 5.42 |
| Other receivables, net of liabilities ⁶ | 0.71 |

Maturity Profile

| | |
|---------------------------|-------|
| Cash and less than 1 year | 6.74 |
| Between 1 and 3 years | 24.97 |
| Between 3 and 5 years | 1.49 |
| Between 5 and 7 years | - |
| Between 7 and 10 years | 39.19 |
| More than 10 years | 27.62 |

Portfolio Weightings

| | |
|----------------------------|-------|
| Philippine Corporate Bonds | 50.27 |
| Philippine Sovereign Bonds | 43.00 |

NAVPU over the past 12 months

| | |
|---------|-------|
| Highest | 32.44 |
| Lowest | 31.20 |

STATISTICS

| | |
|--|-------|
| Weighted Average Duration | 6.630 |
| Volatility, Past 1 Year (%) ¹ | 3.50 |
| Sharpe Ratio ³ | 0.10 |
| Information Ratio ⁴ | -1.61 |
| Portfolio Weighted Yield to Maturity (%) | 2.423 |
| Current Number of Holdings | 13 |

¹Returns are net of fees.

²Measures the degree to which the Fund fluctuates vis-à-vis its average return over a period of time

³Used to characterize how well the return of a Fund compensates the investor for the level of risk taken. The higher the number, the better.

⁴Measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

⁵Since inception.

⁶Includes accrued income, investment securities purchased, accrued expenses, etc.

*Declaration of Trust is available upon request through branch of account.

TOP TEN HOLDINGS

| Name | | % of Fund |
|---|-------------|-----------|
| Republic of the Philippines | 10/23/2034 | 16.34 |
| Republic of the Philippines | 02/02/2030 | 13.89 |
| SM Investments Corporation | 06/10/2024 | 13.83 |
| Aboitiz Equity Ventures, Inc | 01/16/2030 | 13.34 |
| Republic of the Philippines | 02/02/2042 | 11.28 |
| AC Energy | 01/29//2024 | 11.14 |
| Int'l Container Terminal Services, Inc. | 06/17/2030 | 9.33 |
| Manila Water Company, Inc. | 07/30/2030 | 2.62 |
| Time Deposit | | 2.44 |
| Time Deposit | | 1.52 |

RELATED PARTY TRANSACTIONS

The Fund has investments and trade transactions with Bank of the Philippine Islands, its subsidiaries and related parties:

AC Energy – USD 1.83 Mn
Bank of the Philippine Islands – USD 0.04 Mn
Manila Water Company, Inc. – USD 0.43 Mn

Investments in the said outlets were approved by the Trust Committee. Likewise, all related party transactions are conducted on an arm's length and best execution basis and within established limits.

*Related party in accordance with BPI's internal policy.

OUTLOOK AND STRATEGY

Market Review. The JP Morgan Asia Credit Index (JACI) Philippines marginally rose by 0.44% in July as Philippine dollar-denominated bond yields mimicked the gains in US Treasuries.

US Treasury yields rallied strongly in July as concerns over the Delta variant of the coronavirus (COVID19) overshadowed earlier hopes that developed countries would soon be out of the woods. However, data releases throughout the month painted a mostly healthy picture of the US economy. June inflation surprised to the upside for a fourth straight month (+5.4% YoY vs +5.0%YoY expected) while the labor market recovery appeared to make headway with 850,000 jobs added. The Federal Reserve held rates steady during its July 28 Federal Open Markets Committee (FOMC) meeting but hinted at considering lifting bond purchases sometime in the future, should economic improvement be sustained. Though most perceived these comments to be “hawkish”, bond yields remained stubbornly close to beginning-of-the-year levels. For the month, the 10-year US Treasury benchmark yield fell to as low as 1.19%, before closing the month at the 1.22% level (-24 basis points MoM).

In the local economic space, June inflation fell to 4.1% year-on-year, compared to May’s 4.5% and lower than the median forecast. Though it declined, the figure marks another month that inflation has been higher than the Bangko Sentral ng Pilipinas’ (BSP) target band of 2-4% for the year. Bloated pork prices persisted due to the ongoing supply pressures brought about by the African Swine Fever outbreak. Meanwhile, transport costs eased due to base effects from last year. The BSP noted that this was still in line with its projection of elevated prices given supply side pressures on food, and that by 2022 prices should stabilize. BSP Governor Benjamin Diokno has continuously reiterated that the central bank would utilize its full arsenal of tools to support growth and stability.

Fund Performance. The Fund gained 0.25% for the month, below its benchmark by 19 basis points.

Fund Strategy. The Fund looks to maintain a neutral duration position and opportunistically add exposure to corporate issuers to enhance yield. Global events remain likely to add volatility. Investors in a bond fund must be prepared to withstand volatility as higher investment value is typically achieved over the medium to long term.

LIST OF PROSPECTIVE INVESTMENTS

The following are among the Fund’s approved investment outlets, wherein the Trustee intends to invest depending on strategy, availability, or other market-driven circumstances:

- a) Bank deposits and such other investments allowed under regulations issued by the BSP;
- b) Securities issued by or guaranteed by the Philippine government, or by the BSP;
- c) Tradable securities issued or guaranteed by multilateral institutions such as the Asian Development Bank (ADB), International Monetary Fund (IMF) and World Bank;
- d) Tradable securities issued by the government of a foreign country, any political subdivision of a foreign country or any supranational entity;
- e) Exchange-listed securities;
- f) Marketable instruments that are traded in an organized exchange;
- g) Loans traded in an organized market;
- h) Such other tradable investments outlets/categories as may be approved by the relevant authority and allowed by the BSP; and
- i) The Trustee may invest in allowable investments denominated in any acceptable foreign currency.

BPI Asset Management and Trust Corporation (BPI AMTC) is a subsidiary of the Bank of the Philippine Islands. For inquiries and comments, please send an email to bpi_asset_management@bpi.com.ph or call us at (02) 8580-AMTC (2682).

Regulated by the Bangko Sentral ng Pilipinas. <https://www.bsp.gov.ph>, BSP Webchat <https://www.bsp.gov.ph>

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